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TAGS: [KWBG](#) [PGOV](#) [PREL](#) [EATD](#) [ECON](#) [IS](#) [GAZA](#) [DISENGAGEMENT](#)

SUBJECT: PERES ADVISOR, NSC ADVISOR DISCUSS DAHLAN'S
POSITIONS, GOI DISENGAGEMENT PLANS

Classified By: Charge d'Affaires Gene A. Cretz for reasons 1.4 (b) and
(d)

1. (C) Summary: Einat Wilf, foreign policy advisor to Vice PM Shimon Peres, and Gabi Blum, NSC advisor, briefed EconCouns on the recent Aspen Institute conference; the potential for U.S. involvement in Negev/Galilee development; and PA Civil Affairs Minister Muhammad Dahlan's progress on negotiating the civil and economic aspects of disengagement. On the Aspen conference, Wilf said the Institute revealed its plans to fund projects, including water desalinization, joint Palestinian-Israeli textile production, and rebuilding the Gaza airport. In side meetings at the conference, Dahlan reportedly told NSC director Giora Eiland, Peres advisor Amnon Lipkin-Shahak, and Member of Knesset Ephraim Sneh that he is ready to coordinate with Israel, although no date has been set. He also presented a series of requests that he said will help demonstrate to the Gazan people that disengagement is "worthwhile," including the reunification of some 10,000 families, an increase in the number of PA employee permits granted, and the release of 4,000 political prisoners. On Negev and Galilee development, Wilf reported that GOI will request U.S. assistance, mostly likely during the autumn, when Congress considers proposals for supplemental allocations. On the GOI's disengagement positions, Blum said that Israel will continue to supply water to the settlement areas, and will consider maintaining the quasi-customs union provided Rafah terminal is moved from the Gaza-Egypt border to Keren Shalom inside the Green Line on the Israel-Egypt border, close to Gaza. End summary.

Aspen's Assistance Will be Small-Project Oriented

2. (C) Einat Wilf, foreign policy advisor to Vice PM Shimon Peres, told EconCouns April 14 that the result of the Aspen Institute conference held April 8 in Washington was Aspen's announcement of its intention to raise funds for a number of development projects in Gaza post-disengagement. These projects include water desalinization, joint Palestinian-Israeli textile production, development of Gaza's offshore gas fields, a new private hospital, a rebuilt Gaza airport, and housing construction in Rafah. The Institute will work to mobilize the Portland Trust, OPIC, and other funds to assist with these projects.

Dahlan Says He's Ready to Coordinate:
Still No Date, But PA Expectations Announced

3. (C) Wilf said that both PA Civil Affairs Minister Muhammad Dahlan and PA President Mahmud Abbas have gone on record with the Palestinian press announcing PA readiness to coordinate with the GOI, and Wilf noted that Dahlan is increasingly seen as the "point-man" on disengagement issues. Nevertheless, he has not provided the GOI with a specific meeting date, which Wilf called a source of significant frustration for Vice PM Peres. She explained that in side meetings with NSC director Giora Eiland, Peres Center for Peace Chairman Amnon Lipkin-Shahak, and Member of Knesset Ephraim Sneh during the Aspen Institute conference, Dahlan made clear several of his positions on disengagement (see below). In addition, she said, he has emphasized to the international media that the PA will "not be a party" to any settlement asset transfer deal that gives de facto legitimization to Israeli ownership through the third-party purchase of the assets. In Wilf's view the PA will take a "don't ask don't tell" attitude, accepting the assets as long as the details of purchase are not advertised.

4. (C) Dahlan reportedly told Eiland, Shahak, and Sneh that the PA believes the GOI can take a number of steps to convince the Gazan people that disengagement will benefit them, and that coordination with Israel is worthwhile. The first of these requests is reunification inside the Gaza Strip for some 10,000 families separated by GOI security restrictions during the Intifada. Dahlan has noted that despite GOI agreement to reunite 5,000 families annually, it did not follow through with any reunifications in 2003 or 2004. Along these same lines, Dahlan has requested the legitimization of status of 54,000 Palestinian "visitors"

that he claimed are currently residing illegally with their families inside Gaza. Significant easing of security procedures and increasing of passenger limits at the Erez and Rafah terminals, as well as an increase in the number of PA employee permits granted, are Dahlan's two additional expectations. Wilf noted that Dahlan emphasized that he believes these are "easy for Israel to deliver" -- especially inasmuch as the GOI should not care who goes into a Gaza slated for disengagement -- but will appear as significant confidence-building measures to the Palestinians.

15. (C) Mohammed Yazgi, 7-Up CEO and Chairman of the Palestinian Business Association (PBA), told EconCouns April 17 that "Dahlan has been acting like a politician with the business community, telling us all the right things." Yazgi noted with satisfaction that Dahlan has already given the PBA two lengthy briefings on PA plans for disengagement and his negotiations with the GOI, and a third is planned for next week. PBA members are given an opportunity to ask questions first, he said, which Dahlan often answers on the spot or tasks an assistant to handle. According to Yazgi, Dahlan's message has been consistent -- the private sector is crucial to successful disengagement coordination, and he will bolster business by working to obtain GOI assurances on increased numbers of permits, greater freedom of movement between Gaza and the West Bank, and ease of restrictions at the crossings, Karni especially. In return, Yazgi explained, Dahlan has requested that the business community "help him" by ensuring that business permits remain with the business community and are not provided to laborers.

Dahlan on Election Timeline

16. (C) NSC advisor Gabi Blum told EconCouns April 9 that Dahlan had also discussed the timing of the upcoming PLC elections with NSC head Giora Eiland in side meetings at Aspen. According to Blum, Dahlan told Eiland that the PA would postpone elections in order to avoid coincidence with the Israeli withdrawal and the potential restrictions on Palestinian movement that the withdrawal could cause. Blum noted that the GOI is concerned it will be blamed by the PA and the international community for "forcing" the PA to change its date. (Comment: Dahlan's opinion is not the final word on postponement, and this issue is still being debated within the PA Cabinet and the Palestinian Legislative Council. End Comment).

Developing the Negev and Galilee with U.S. Help

17. (C) Wilf told EconCouns that U.S. assistance for development of the Negev and Galilee regions in tandem with disengagement was "put firmly on the agenda" with AIPAC and Congress during Vice PM Peres' recent visit to the U.S. The GOI hopes Congress will pass a supplemental assistance package during its next opportunity to do so, likely September/October. The development plan, Wilf explained, will seek to mobilize funds from the Israeli budget, worldwide Jewish communities, and the USG. The plan is broad-spectrum and will address education, business and investment opportunities, and overall "quality of life" issues. In the Negev the plan will be anchored in a multi-ministry development initiative for the Bedouin community, including relocation of some 65,000 Bedouin living in unrecognized villages between Beer Sheva and Dimona (see septel.) (Note: A majority of this population opposes relocation, arguing instead that the GOI must recognize the 45 largest Bedouin settlements and provide them with government services such as water, schools, and medical clinics. End note.)

GOI Quietly Reconsidering 2008 Labor Cutoff

18. (C) NSC Advisor Gabi Blum told EconCouns April 9 that while the GOI still officially intends to halt Palestinian labor inflows by 2008, this position is evolving behind closed doors. The proposal for a labor cutoff was not put into the October 2004 disengagement legislation, Blum emphasized. "Look at Erez," she said, referring to NIS 10 million of upgrades including a total of six passenger lanes, a design clearly meant to accommodate drastically increased numbers. Wilf confirmed in a previous meeting that the GOI is privately reconsidering the cutoff. Blum also highlighted several aspects of the GOI's disengagement planning, emphasizing in particular that the GOI "will find water for the Palestinians" following withdrawal, although details remain to be discussed within the Trilateral Water Working Group. She also noted that the GOI will consider maintaining the quasi-customs union even if IDF troops withdraw from the Philadelphi corridor, provided that Rafah crossing is moved from the Gaza-Egypt border to Keren Shalom inside Green Line Israel.

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